



Overview of Resources Import in Taiwan 2014 & The New Business of Formosa Plastics Group (FPG)

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Overview

Raw Materials Import in Taiwan 2014

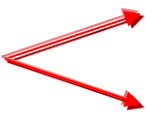
Raw Materials Import in Taiwan 2014

- TOP 4 Raw materials Import

Import	Coal	Crude Oil	Iron Ore	Natural Gas	Others	Total
Quantity (MT)	67.1	43.4	23.0	13.5	31.2	178.2
Value (Billion NTD)	183.8	977.2	76.5	303.0	42.0	1,582.5

- **Coal** (for power plant/steel mill) :

29.6mt(44.1%) imported from Australia

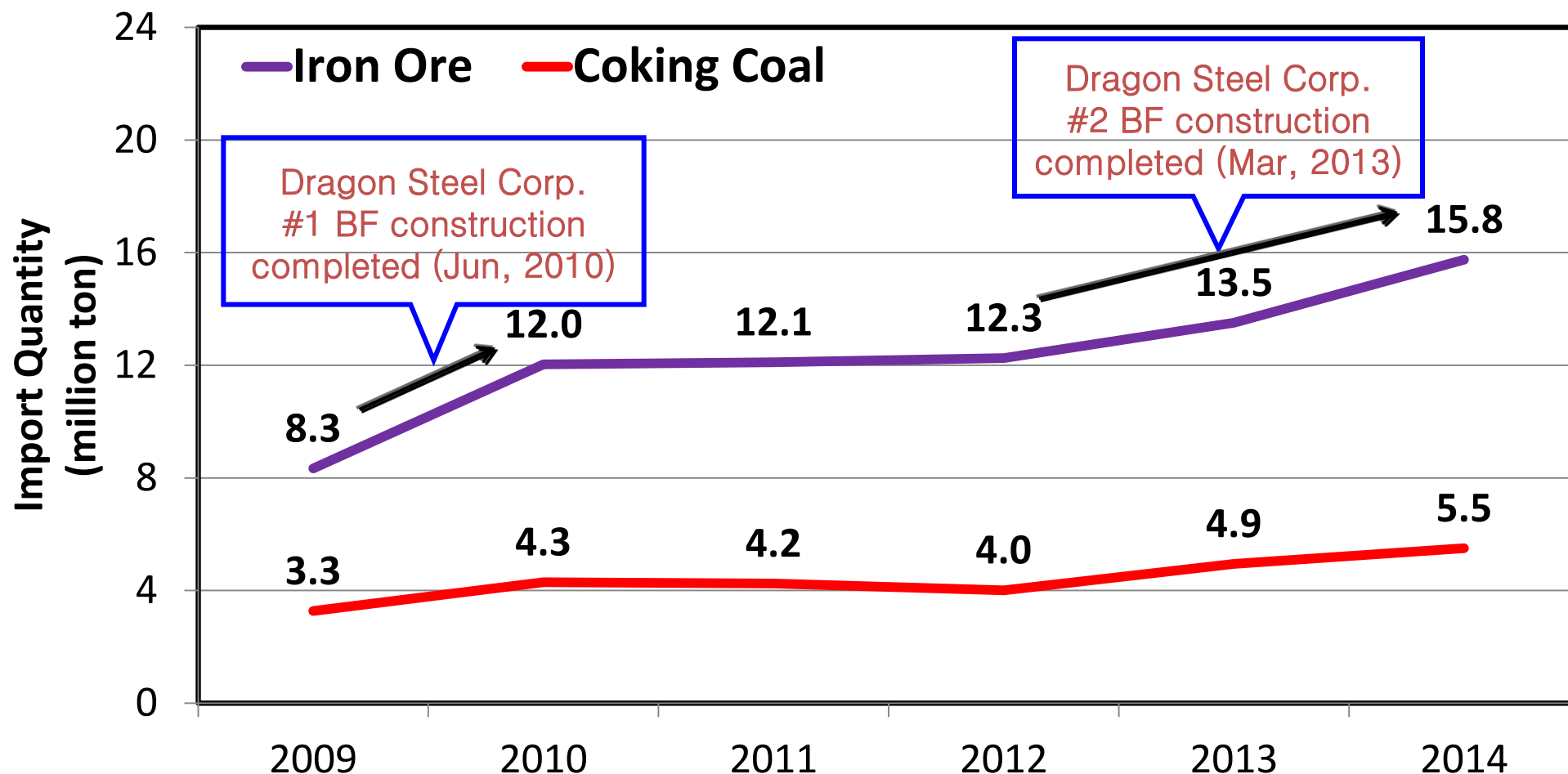
 24.1 Thermal
5.5 Coking

- **Iron Ore** (for steel mill):

15.8mt(68.4%) imported from Australia

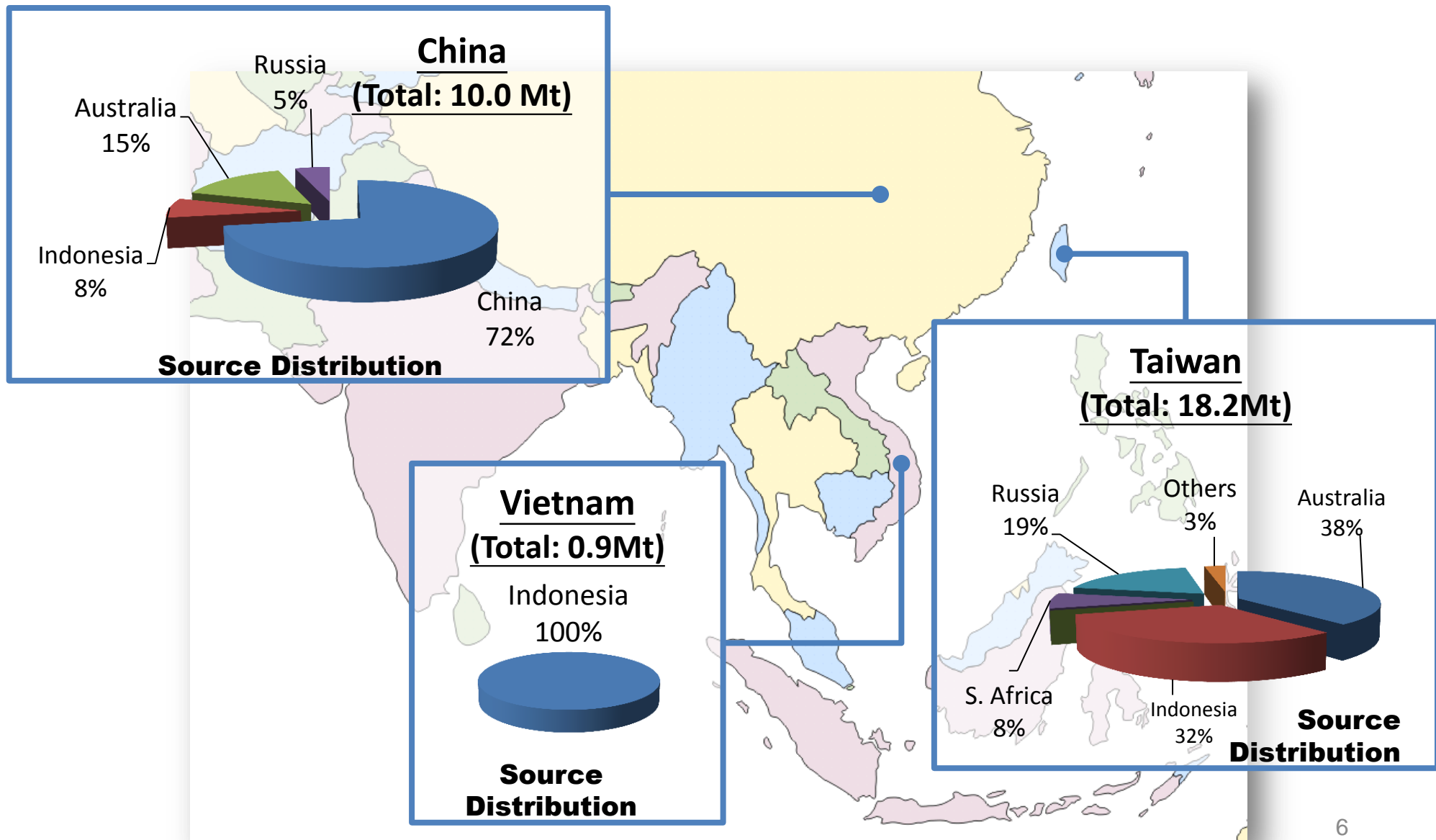
Australia is No.1 exporter of Coal & Iron Ore to Taiwan

Steel-making Raw Materials from Australia



In CY2014, 68.4% of iron ore and 79.7% of coking coal in Taiwan were imported from Australia.

FPG Thermal Coal Consumption in 2014



Steel Business in Taiwan

- *The production in 2014:*

Crude Steel: 23.5 MT (+5.4% compared to 2013)

Blast Furnace-Basic Oxygen Furnace (BOF)-54%

Electric Arc Furnace (EAF)-46%

- *The Difficulty of Steel Business Development in Taiwan*

Hard to get approval for new steel-making project or expansion because of current market situation and strict environmental condition.

The New Trend of Steel Business Development

FPG Overseas Investment:

1.Raw materials

- **Iron Bridge** Iron Ore Project in Western Australia
(FPG acquired 31%)
- **Lenton** coal Project in Queensland
(FPG acquired 10%)

2.Steel mills

Please see next slide

For example

After very success in plastics, energy and petrochemical industry for four decades,

Formosa is starting a steel-making project
with China Steel Corporation(25%) & JFE(5%)
in Vietnam.

New Business of Formosa



**FORMOSA HA TINH
STEEL CORPORATION**

Site Location

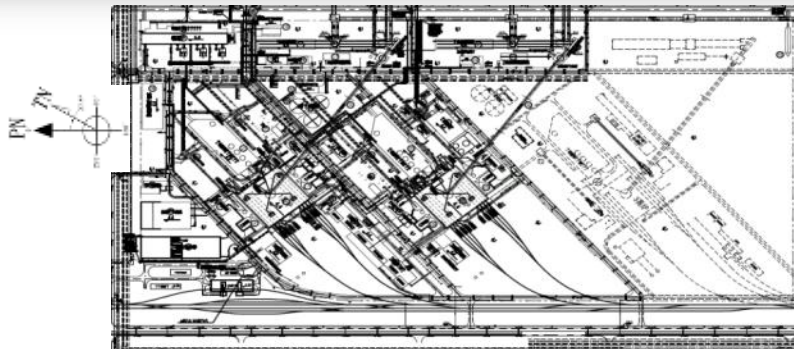


Formosa Ha Tinh Steel Corporation (FHS)

Located in Vung Ang Economic Zone of Ha Tinh Province, Vietnam

- 410 km from the south of Hanoi city
- 1,300 km from the north of Ho Chi Minh city

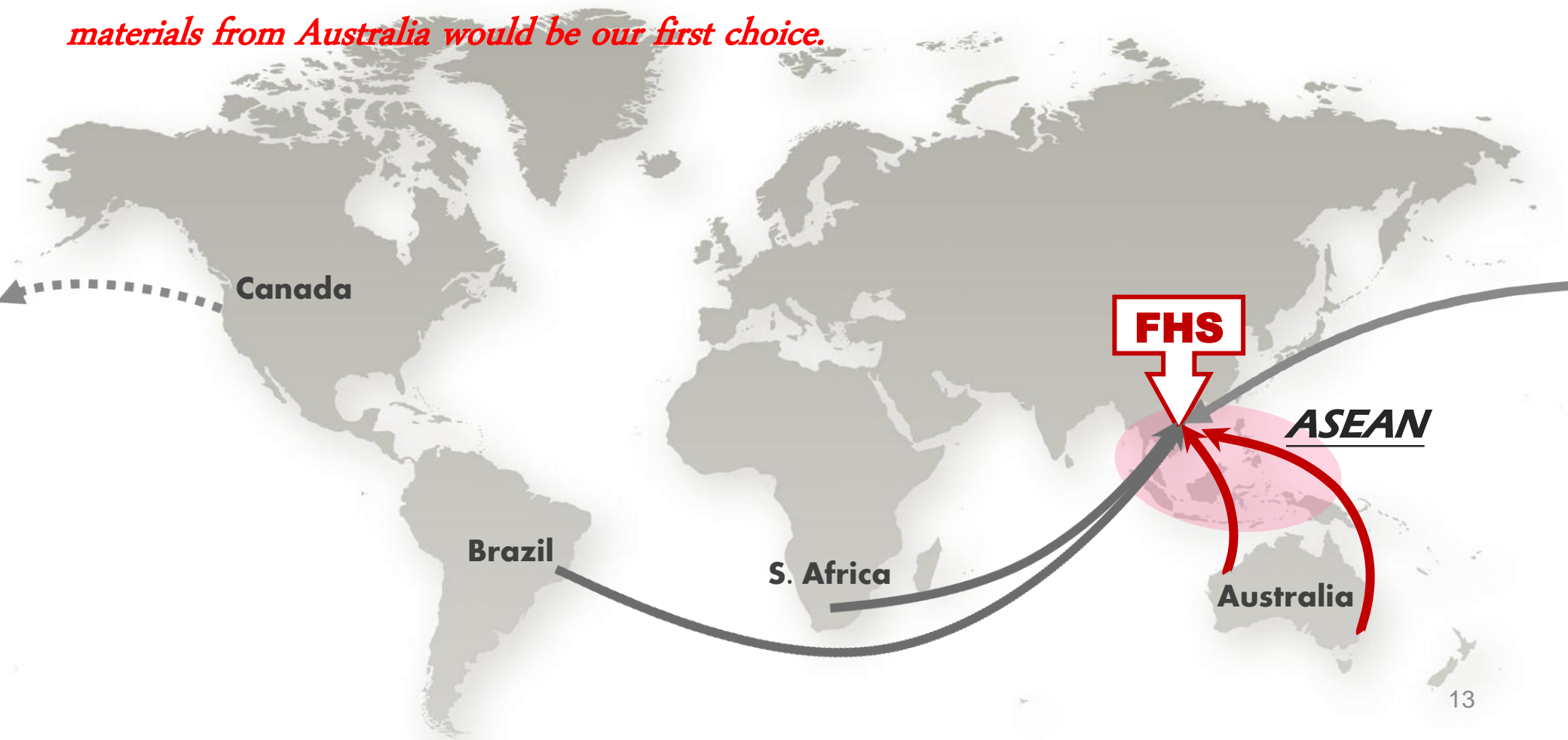
Blast Furnace Plant



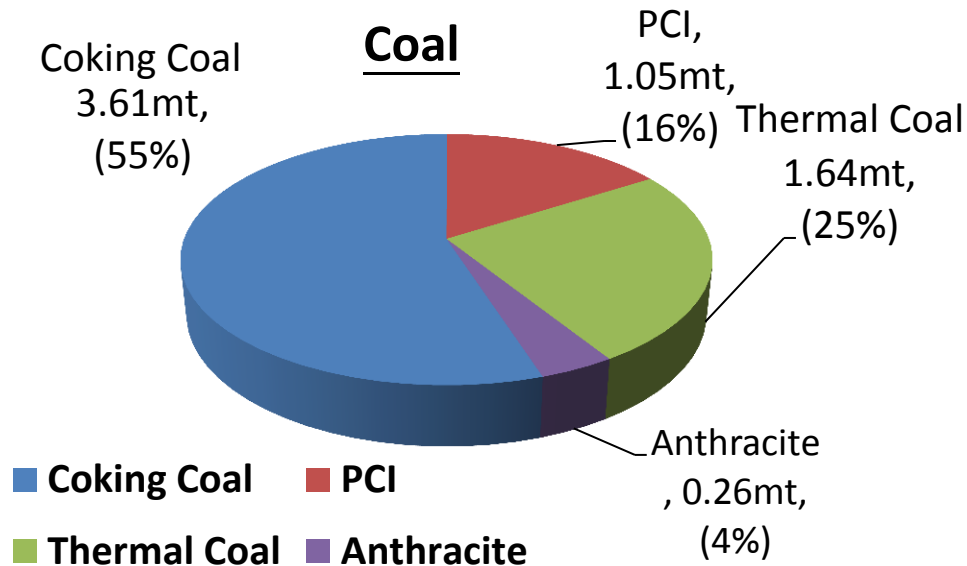
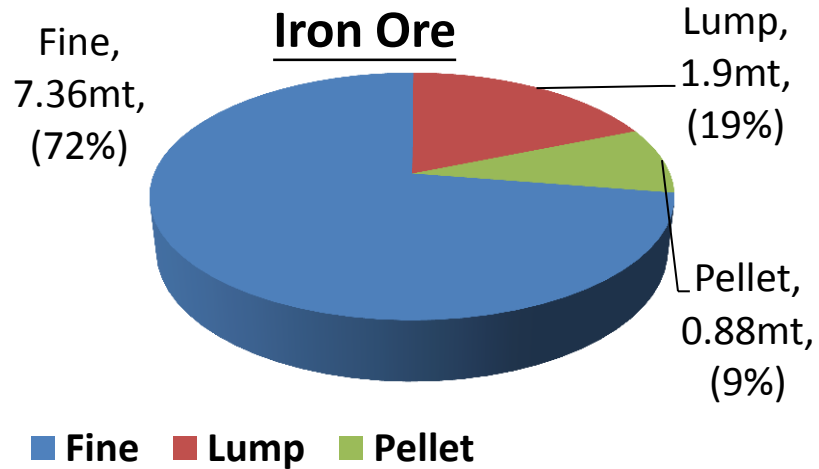
Our Capacity (phase 1 including 2 Blast Furnaces):

7 million tons per annum of hot metal

Due to the shorter distance than other countries, raw materials from Australia would be our first choice.



Major Raw Material Demand for Phase 1 (2 BF's)



◆ Demand from **Australia** (Million Ton Per Annum, mtpa)

- Iron Ore: 6.69 mtpa Estimated, (66% of Iron Ore required)
- Coal: 4.66 mtpa Estimated, (71% of Coal required)

11.35 mtpa of raw materials

(~68%) would be expected to import from Australia.

Conclusion

- 1) In CY2014, 68.4% of **iron ore** and 79.7% of **coking coal** used in Taiwan were imported from **Australia** (played a role of **No.1** supplier). Taiwan continues to rely on raw material resources from **Australia**.
- 2) Taiwanese steel business is going to be development or expansion in **Vietnam**. The first blast furnace of FHS will be blow-in during Q2, 2016.
- 3) Formosa are looking forward to cooperating in various ways and long-term relationship with Australia.

Thank you for your attention.

"Diligence, and simple perseverance, frugality and trustworthiness

To Achieving ultimate excellence aim at the sovereign good

Perpetual business operation

Dedication to the society“

-Founder Yung-Ching Wang

